[8th April 1953

" (c) The State Government have approved the proposals and addressed the Central Government because that Government is concerned with the road (National Highway No. 5) which will pass over the bridge and has to bear the cost of the bridge portion of the work. Also the Central Government has to agree to the undertaking of any work costing over Rs. 1 crore."

Recommendation of the Krishna Anicut Enquiry Committee regarding a road regulator.

* 402 Q.—SRI M. LAKSHMANASWAMY: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether the Government have considered and accepted the recommendations of the Krishna Anicut Enquiry Committee proposing the construction of a road regulator over the Krishna river; and

(b) if so, the action taken thereon?

THE HON. SRI N. RANGA REDDI :—" (a) Yes.

" (b) The State Government have approved the proposals and have addressed the Government of India for their concurrence because they are concerned with National Highway No. 5 which is proposed to be aligned over the bridge and have to bear a portion of the cost of the work and also because their prior approval is necessary to the State Government undertaking any work costing over Rs. 1 crore and this work is estimated to cost Rs. 2·36 crores."

MR. SPEAKER :—" We shall have a discussion on this later."

Government securities in Cash Balance Investment Account.

* 403 Q.—SRI M. NARAYANA KURUP: Will the Hon. the Minister for Finance be pleased to state—

(a) whether the securities of this Government worth Rs. 5 crores held in Cash Balance Investment Account in 1952–53 were sold, and if so, when and to whom;

(b) whether the Government sufferred any and what loss on account of the sale; and

(c) why they were sold at a loss?

THE HON. SRI C. SUBRAMANIAM :—" (a) Yes Sir, Government of India securities of a total nominal value of Rs. 463 lakhs were sold in July and September 1952, to the Government of India, through the Reserve Bank of India, at the market rates prevailing at the time of sale.

" (b) Yes, Sir. The loss on the sale was about Rs. 34½ lakhs, as compared with the price at which these securities were purchased originally at the end of 1947.

8th April 1953]

"(c) The ways and means position of the Government necessitated the sale, large expenditure having been incurred on famine relief and capital works earlier in the year. The securities which were sold, earned interest at 2¾ or 3 per cent per annum, and as the prevailing rates of interest were higher, the market prices of these securities fell below *par*, which was inevitable."

SRI M. NARAYANA KURUP :—" Sir, may I know what were the circumstances that intervened between the presentation of the Budget for 1952–53 wherein full credit had been taken for this and the circumstances relating to the sale which had necessitated this loss to the Government? "

THE HON. SRI C. SUBRAMANIAM :—" Sir, even the Budget Statement for 1952–53 would indicate that we tried to dispose of these securities or get some accommodation from the Central Government. But the Central Government were not willing to give any further accommodation. So we were compelled to sell these securities."

SRI M. NARAYANA KURUP :—" Is it not a fact that the sale of these securities was necessitated due to the famine prevalent in this State and if so why should not the present Government press on the Central Government to give us some more favourable terms? "

THE HON. SRI C. SUBRAMANIAM :—" We are pressing and we shall continue to press the Central Government, Sir."

SRI V. BALAKRISHNAN :—" Did the famine needs of Rayalaseema make an irresistible demand on the finances of the Government? "

THE HON. SRI C. SUBRAMANIAM :—" I say, 'Yes,' Sir."

SRI K. KRISHNA RAO :—" In view of the fact that these securities had been sold almost by the hammer and had involved a heavy loss, why should not the Government ask for treasury bills or get an overdraft from any Joint Stock Bank if the Reserve Bank did not give them enough money? "

THE HON. SRI C. SUBRAMANIAM :—" Of course we tried the Scheduled Banks and as a result we were able to get only rupees one crore and that too at a relatively high rate of interest."

SRI V. V. RAMASAMI :—" Knowing full well the financial condition of this Government, did the Government of India take advantage of such fact and force us to sell these securities to them instead of giving us a grant? " 9-10 a.m.

THE HON. SRI C. SUBRAMANIAM :—" It is not a question of forcing at all. If they were not prepared to take it, we would have had to sell it in the open market at the market rates prevailing then."

[8th April 1953

Sri K. Vinayakam :—" In view of the fact that the Government were pressed for funds, they were forced or compelled to sell these securities and thus incur a loss of about Rs. 34 lakhs. In view of the fact that the Government of India had not come forward to help us with sufficient financial grants, would it not have been advisable for this Government of Madras to float a loan in the open market and thus replenish their funds? "

The Hon. Sri C. Subramaniam :—" We did float an open market loan, and we got Rs. 5 crores. and in addition to that, it was not possible to float another loan."

Sri T. N. Venkatasubba Reddi :—" In view of the fact that the Government of India were prepared to pay for these securities only at the market rates, may I put it to the Government that the State Government need not have bought the securities of the Government of India, but used their own discretion in buying whatever securities would not depreciate in the future? "

The Hon. Sri C. Subramaniam :—" I am afraid we will be gambling if we go in for other kinds of securities than those issued by the Government of India, which will fluctuate more violently in price. I wish to add that as a matter of fact, if we do not invest in Government securities, we will have only to invest in Government of India Treasury Bills which will yield only a lower rate of interest. As a matter of fact, we were earning three per cent, on sums which would have been otherwise lying idle. And even so, we earned about Rs. 60 lakhs by way of interest. And so, if we take the net transaction, we have gained about Rs. 29 lakhs."

Sri K. Krishna Rao :—" This Provincial Government was floating Treasury Bills in order to make up their ways and means position. May I know why they did not resort to the floating of weekly Treasury Bills and getting money at much cheaper rates of interest? "

The Hon. Sri C. Subramaniam :—" Even the Government of India decided that it would not be possible to raise any money by selling Treasury Bills; it is only very recently that they have again resorted to selling Treasury Bills; and even there, we do not know the secret of it, but it is stated in the finance magazines that it is only the Reserve Bank and other Scheduled Banks which are purchasing the Treasury Bills."

Construction of houses for the homeless in the City.

* 404 *Q.*—Sri A. Rathinam : Will the Hon. the Minister for Co-operation be pleased to state how many houses were constructed by the Government for the homeless in the City of Madras during the past five years?

The Hon. Sri D. Sanjivayya :—" The Government have not so far constructed houses for the homeless, i.e., persons who live in street pavements and platforms in the City of